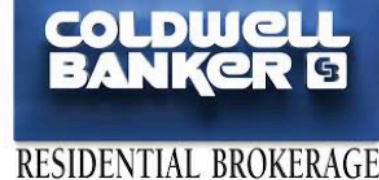


APPLYING FOR A MORTGAGE Do's and Don'ts



Corina Cisneros, REALTOR & Accredited Staging Professional
Call me at 603-273-6160

GET PRE-APPROVED FRIST!

A pre-approval will tell you....

- ❖ Your Credit history and credit scores
- ❖ How much of a loan you will qualify for
- ❖ What loan program(s) you qualify for
- ❖ Your Down payment requirements
- ❖ Your Interest rate
- ❖ Your Monthly payment
- ❖ Your Closing costs
- ❖ After you're pre-approved, a pre-approval letter is issued
- ❖ What you need to do to become qualified if a pre-approval is not issued



NE Moves Mortgage offers FREE pre-approvals

THE 3 C'S

Lenders are looking for the 3 C's of Mortgage Lending

- ☒ Credit ☒ Cash Flow ☒ Collateral

CREDIT

Lenders must evaluate your credit worthiness

- ❖ A credit report is pulled when you get preapproved.
- ❖ 3 credit scores are obtained from your credit report – the mid score is used for qualifying.
- ❖ Your credit scores must meet minimum lending guidelines.
- ❖ Depending on the loan program will determine the minimum credit score required.
- ❖ Your loan officer will identify the program(s) you are qualified for based on your credit full credit profile.



Corina Cisneros, REALTOR & Accredited Staging Professional
Call me at 603-273-6160 or e-mail me at Corina.Cisneeros@NEMoves.com



BAD CREDIT

What if I had bad credit?

- ❖ Some loan programs will allow minor credit blemishes. However, any derogatory credit history is carefully evaluated.
- ❖ Your loan officer will be able to identify any issues with your credit and will let you know what you can do to clean up your credit history.

YOUR INCOME

Bankers call it “Cash Flow”

- ❖ Evaluating how much income you have is part of the pre-approval process.
- ❖ A debt to income ratio (DTI) is calculated – this determines what percentage of your income is available to cover your existing debts AND your new proposed mortgage payment.
- ❖ The DTI ratio must be within certain lending parameters. Your loan officer will go over this with you as part of the pre-approval process.

HOW MUCH CASH DO YOU HAVE ON HAND?

Bankers call this “Liquid Assets”

- ❖ As part of the pre-approval process, a lender must determine how much money you have in liquid assets to cover down payment and closing cost requirements.

DOWN PAYMENT & CLOSING COSTS

- ❖ Depending on the loan program you qualify for will determine what your minimum down payment requirement will be
- ❖ Seller Paid Closing Costs - may be paid by a willing seller. The loan program you're qualified for determines the amount of allowable seller-paid closing costs.
- ❖ Gift Funds – Depending on the loan program, you may be able to receive a gift of funds from an acceptable source for closing costs.
- ❖ USDA RD will allow a borrower to roll some or all of their closing costs in to the loan if the property appraises high enough.



APPLYING FOR A MORTGAGE Do's and Don'ts

Corina Cisneros, REALTOR –ASP
603-273-6160



COLLATERAL

- ❖ An appraisal is required for all mortgage transactions.
- ❖ Purpose of Appraisal...
 - Determines market value of the home
 - Determines if property qualifies for financing

HOW TO PREPARE FOR THE PRE-APPROVAL PROCESS

- ❖ Before you call to begin the pre-approval process, be sure to have the following information readily available...
- ❖ Your social security number & date of birth.
- ❖ Be ready to provide a full 2-year work history.
- ❖ A recent paystub so income can be calculated. If self-employed, be sure to provide all pages of your last 2 years tax returns.
- ❖ Balances of all checking, savings, and investment accounts.

LENDING 101: Do's and Don'ts

- ✓ Do Stay Current On Existing Accounts. One 30-day notice can cost you.
- ✓ Do Continue To Use Your Credit As Usual. Changing your pattern will raise a red flag and lower your credit score.
- ✓ Do Call Your Mortgage Professional before making any address or credit changes.
- ✗ Don't Apply For New Credit. Every time you have your credit pulled by a potential creditor or lender, you can lose points from your credit score. This includes co-signing for a loan.
- ✗ Don't Close Credit Card Accounts. If you close a credit card account, it may appear that your debt ratio has gone up. Closing a card will affect other factors in the score, including credit history.
- ✗ Don't Pay Off Collections Or "Charge-Offs". If you want to pay off old accounts, do it through escrow.
- ✗ Don't Max Out Credit Cards. Try to keep your credit card balances 30% below their limit during the loan process. If you pay down balances, do it across the board.
- ✗ Don't Consolidate Your Debt. When you consolidate all of your debt onto one or two credit cards, it will appear that you are "maxed out" on that card and you will be penalized.

NE Moves Mortgage offers FREE pre-approvals



Ed Harrigan – NMLS # 235922
Senior Loan Officer Assistant
NE Moves Mortgage, LLC
Ph 603.387.2139
Edward.Harrigan@NEMMortgage.com



Liz Widmer
VP – Closing & Title Officer
Market Street Settlement, LLC
Ph 603.937.0100
Lwidmer@MSSG.com